

Fauquier County Affordable Housing Task Force Report

August 24, 2006

Background

With the increasing price of housing, affordable housing, whether rented or purchased, is becoming an increasingly critical issue, not just for Fauquier County but throughout the state and the nation.

The generally accepted definition of "affordable housing" is housing that costs no more than 30% of household income. These costs include: mortgage payment, insurance, property taxes, or rent and utilities for rental units. As stated in the Rappahannock Rapidan Regional Commission (RRRC) Workforce Housing Working Group report, dated January, 2006, "Interest in promoting workforce housing is being fueled by the recognition that an economically diverse population is important to a region's quality of life." In the RRRC's report, the term "workforce households" is defined as households with at least one full-time worker, whose members earn incomes that are too low for them to afford to pay market prices for homes or apartments in the communities where they work but, by most definitions, too high to enable them to qualify for significant federal housing subsidies.

The National Low Income Housing Coalition published fair market rents in Virginia and Fauquier County for 2005, and the salaries required to be able to afford those rents. It states,

"In Virginia, the Fair Market Rent (FMR) for a two-bedroom apartment is \$852. In order to afford this level of rent and utilities, without paying more than 30% of income on housing, a household must earn \$34,099 annually. Assuming a 40-hour work week, 52 weeks a year, this level of income translates into a Housing Wage of \$16.39.

In Virginia, to afford the FMR for a two-bedroom apartment, a minimum wage earner must work 127 hours per week, 52 weeks per year. Or, working 40 hours per week year-round, a household must include 1.3 worker(s) earning the mean renter wage in order to make the two-bedroom FMR affordable.

Average monthly Supplemental Security Income (SSI) payments for an individual are \$579 in Virginia. If SSI represents an individual's sole source of income, \$174 in monthly rent is affordable, while the FMR for a one-bedroom unit is \$741."

This publication reports the FMR for a two-bedroom unit in Fauquier County as \$1,225, and the annual income required to make this unit affordable as \$49,000, or an hourly wage of \$23.56. This means that in a household of minimum wage earners, the household members would have to work 4.6 full-time jobs to make this rent affordable. As discouraging as this information is, the ability of low-to-moderate income (LMI) families to purchase homes in Fauquier County is even more discouraging.

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The study prepared by the RRRC Workforce Housing Working Group reports that in 2004, the median housing sales price in Fauquier County was \$347,000. The income required, per the report, to purchase a house at that price was \$80,000. Based on this analysis, 95% of the full-time permanent (FTP) employees of Fauquier County General Government, at fiscal year (FY) 2007 salary levels, cannot afford (based on their individual salaries) to purchase a home in Fauquier County at the 2004 median housing sales price. The Fauquier Democrat reported that the average home price in Fauquier County was \$508,000 in May, 2006.

The 2005 Low and Moderate Income limits established by the U.S. Department of Housing and Urban Development (HUD) reflect an annual salary of \$41,700 for a household of one in Fauquier County, and \$59,600 for a household of four. Fifty-two (52) percent of General County FTP employees earn less than the LMI limits established by HUD for a family of one; eighty-four (84) percent of FTP employees earn less than the LMI limits established by HUD for a family of four.

A Harvard University Joint Center for Housing Studies report concluded that "enabling people to live in decent housing is cost-effective in reducing illness, minimizing institutionalizations, and preventing injuries." This should lead, in turn, to a reduction in other services needed by LMI families. An Ohio State University Center for Human Resource Research concluded that "homeownership combined with its positive impact on the home environment results in the children of owners achieving math scores up to nine percent higher, reading scores up to seven percent higher, and reductions in children's behavior problems of up to three percent." This increase in students' scores should lead to a correlating increase in graduations from high school, and, potentially, opportunities for college education that might otherwise not exist.

Recognizing the importance of this quality of life issue, not just for the citizens but also for the County and School employees, the Fauquier County Board of Supervisors adopted as one of its priorities, "Develop and implement strategies that will result in an increase in affordable housing for citizens and County employees." Current and past Board members have taken many positive actions to assist low and moderate income families in Fauquier County, some of which are listed below:

- Approved and supported affordable housing developments such as Botha Village (17 single family dwellings), Green Springs (15 single family dwellings), Freedom Place (36 town homes);
- Approximately \$25,000, from the early pay-off of a Botha loan, were lent to Fauquier Housing Corporation (FHC) to be used in its Revolving Loan Fund for the development of affordable housing opportunities in Fauquier County, including first-time LMI homeownership projects and affordable LMI, FHC-owned rental property developments;
- Adopted amendments to the Zoning Ordinance to expand the definition of accessory dwelling units, increasing the square footage allowed as well as the number of inhabitants;

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- Leased property in Remington to FHC for an affordable rental unit;
- Adopted an affordable housing overlay district;
- Provided space to the Free Clinic at the Alice Jane Childs Building;
- Donated 24 acres for Botha Village (fair market value at the time was \$300,000);
- Donated land for the Fauquier Family Shelter short term shelter and encouraged the transfer of land from the EDA for transitional housing;
- Donated funds to FHC, Fauquier Habitat for Humanity, and Fauquier Family Shelter Services, Inc.;
- Exempted FHC, Fauquier Habitat for Humanity and Fauquier Family Shelter Services, Inc. properties from Fauquier County real estate taxes;
- Applied for, and received, Community Development Block Grants for LMI housing.

Even with these and many other positive actions, the Board of Supervisors and County Administration recognize that to effectively address and accomplish this Board priority, more is needed. The County Administrator proposed, and the Board of Supervisors approved, a contingency reserve of \$289,000 in FY 2007 to support affordable housing initiatives. An Affordable Housing Task Force was formed to assist the Board in determining the most efficient and effective use of these funds. The following agencies are represented on this Task Force:

- County Administration
- County Attorney's Office
- Community Development - Planning
- Community Development - Zoning
- Central Virginia Housing Coalition
- Department of Social Services
- Fauquier Housing Corporation
- Fauquier Habitat for Humanity
- Fauquier Family Shelter
- Warrenton Town Council
- Community Touch Inc.

This Task Force has been meeting on a regular basis since January of 2006.

Recommendations

The Affordable Housing Task Force has developed several recommendations for review and consideration to assist LMI families to improve their quality of life by renting/purchasing/maintaining affordable housing. These recommendations include:

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Legislative Actions:

1. Establish a new Board of Supervisors' Affordable Housing Committee with a charter to address affordable housing concerns. It is proposed the Affordable Housing Task Force continue as the Board of Supervisors' appointed Affordable Housing Committee, with additional BOS appointees to include representatives from the towns of The Plains and Remington, and private sector representatives, such as local builders, developers, and retailers. The charter of this committee should clearly define affordable housing, workforce housing, and be based on the recommendations made in this report.
2. Include affordable housing initiatives in the Board's Legislative Priorities for State action and potential funding.
3. Work with other jurisdictions to encourage the State to develop enabling legislation to effect tax stabilization and reduction measures for families in the extremely low-income bracket. In addition to encouraging the development of enabling legislation, actively participate in, and closely monitor, legislative studies regarding affordable housing issues.
4. Ensure affordable housing units are not assessed at a value higher than the homeowner is allowed to sell them as dictated by their mortgage agreements. The Affordable Housing Committee should work with the Commissioner of the Revenue's Office and the assessors, prior to reassessment, on a mechanism to provide information on which units in the County are affordable housing units, such as making a notation in the land records.
5. Waive/reduce fees for Community Development (CD) permits for affordable housing units. The Task Force recognizes that this is currently done on a limited basis; however the Board of Supervisors resolution that allows this is approximately 10-15 years old. It should be reviewed and refreshed.
6. Hire a staff person dedicated to support the Board of Supervisors' affordable housing goals, and the Affordable Housing Committee. This Task Force strongly recommends the creation of a position dedicated to supporting the committee in carrying out recommendations. A full-time, dedicated staff person will be crucial to the success of the efforts to promote and provide affordable housing in Fauquier County. This individual will be tasked with the behind-the-scenes work required to accomplish many of the goals outlined in this report.

Affordable Housing Committee Actions

1. Conduct (or contract for) a needs assessment. A needs assessment is required to quantify work objectives (i.e., 15 units per year), as well as to help define the scope of this issue

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for the purpose of grant applications. The assessment should address maintaining and improving existing affordable units, as well as producing new units.

2. Address levels of affordable housing by percent of Area Median Income (AMI), low (80%), very low (50%), and extremely low (30% or less). Set a minimum goal of supporting development of a number of affordable housing units per year in each of these three levels. A specific numerical goal for this objective should be based on the results of the needs assessment, when completed. Contributions from the private sector towards achieving these goals could be the development of affordable units through in-kind services, or by providing cash donations.
3. Review impact of tax credit housing (state and federal tax credits) for effectiveness and sustainability.
4. Research success stories of other communities, especially in Virginia, to determine if there are lessons to be learned that can be adapted to the needs of Fauquier.
5. Improve public education concerning the affordable housing issues, to build public support and increase public participation. Work with local education, church, and volunteer organizations to promote volunteerism for building/rehabilitating affordable housing. Include groups who participate in housing construction/renovation camps to assist LMI families. Encourage fund-raising through education, and inform the local newspapers to increase publicity of available programs.
6. Include non-profit housing and shelter agencies in an economic development program to assist with living wage job creation and placement. While this is a critical issue, it is recommended the Affordable Housing Committee should direct its focus to the affordable housing issue. With this in mind, the Task Force suggests that the County Administrator designate staff to promote the living wage concept with Chamber membership, in coordination with providers of job training and literacy skills. Prepare an educational report that provides data about the connection between wages, turn-over and productivity issues, and housing issues.
7. Develop partnerships with private sector to achieve specific affordable housing objectives. In addition to including local builders and other private sector representatives on the Affordable Housing Committee, include private units in the goals for affordable housing rehabilitation and new construction. Obtain funding from private sector partners for use as matching funds for grants. Survey potential private partners, to determine what they would be willing to do, both as cash donations and in-kind services.
8. Work with developers to understand and remove barriers to constructing affordable housing units. It is anticipated this information could be obtained from the proposed survey of potential private partners.

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9. Identify non-conforming parcels and government-owned, surplus property and determine viability for use for affordable housing units. Search for properties owned by the Board of Supervisors, the Towns, the School Board, the federal government as well as the state, to identify and request the release of excess property to non-profit organizations for construction of LMI housing units. Additionally, consider affordable housing opportunities in conjunction with the new school sites and/or development of the Stafford (landfill/school) property.
10. Identify priority sites for affordable housing development. Priority sites would include sites with public water and sewer, as well as access to public transportation to potential job sites and local shops. Priority sites could also include areas suitable for redevelopment. Promote affordable housing concepts by identifying sites and allowing for increased density in service districts, as well as alternate housing types, such as rental units, town homes, etc.
11. Review the Workforce Housing Coalition "Toolkit" (see attached) of suggestions on how to increase the supply workforce housing, and determine which, if any, of the actions listed could be implemented efficiently and effectively in Fauquier County.

Funding Issues

1. Augment the revolving loan, used for construction loans to reduce development costs, to FHC. The FHC revolving loan currently has a balance of \$108,000. It is the stated goal of the Affordable Housing Task Force to increase this balance to \$1 million. This loan program should be expanded to include private resources, as well as potential cooperative efforts with financial institutions to access capital at low interest costs.
2. Review Housing Loan Trust Fund arrangements in other jurisdictions; determine how they work, if they are effective, and if they can be tailored for use in Fauquier County.
3. Establish a rehabilitation loan, similar to the one established by the Town of Warrenton and FHC, to assist with repair/improving existing, LMI, owner-occupied dwellings, with 0% interest loans. Currently, the balance of this Town fund is \$30,000. This fund is used to provide loans, with no interest, for emergency (not cosmetic) repairs, etc. The Town funds this at \$10,000 per year; half of this amount provides funding for operating programs, and half is earmarked for loans. These funds can only be spent on affordable units in the Town of Warrenton. The Affordable Housing Committee needs to review the Town program, to determine if it is feasible to implement a similar program in the County.

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4. Identify and seek potential grant funding. The results of the needs assessment will provide data that can be used to document the need and provide justification for grant applications.
5. Identify alternative funding for items such as sidewalks, curbs, gutters, roads, landscaping and lighting to lower the cost of constructing affordable housing. In addition to providing funding, private partners should be sought who could donate these services.
6. Encourage cash or land donations to an affordable housing fund to be made available to non-profit building organizations to subsidize the construction of affordable housing as an alternative to requesting developers to build affordable housing units.
7. Work with Fauquier Community Action, Fauquier Habitat for Humanity, and Fauquier Housing Corporation on LMI households who live in substandard dwellings, and assist with funding for improvements (especially those units that have incomplete plumbing and/or kitchen facilities).
8. Pursue continuum of care funding through HUD. Actively participate in and support the regional continuum of care committee.

Community Development

1. Evaluate Community Development housing plan review processes to determine if review process can be expedited, thereby reducing expenses. Because of the time limits imposed on grant funding, if review processes are lengthy, there is the potential for over-running the grant deadline, necessitating the return of grant funds. If these processes can be expedited for affordable housing units, the expense of building these units could be reduced.
2. Provide, and maintain to code, pre-approved plans for accessory, ADA compliant-units, which are available from other sources. Review of these unit plans would be expedited since they are pre-approved. Development expenses would also be reduced, as plans would be available free of charge.
3. Develop infill strategies and incentives in the service districts and the towns; obtain cash proffers to develop new LMI units in service districts (in-fill).
4. Allow increased density in proposed projects providing affordable housing.
5. Design ordinances to encourage affordable housing. Consider updating Affordable Housing Overlay District regulations.

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6. Promote mixed-use housing developments. Provide education to the public on the advantages of mixed-use developments. Research success stories from other areas, and prepare a Power Point presentation that can be used. In addition to providing this information at community meetings, broadcast the presentation on the Local Government Access Channel on cable.

Next Steps

In order to pursue this plan, it is recommended the Board of Supervisors:

- Formally appoint an Affordable Housing Committee, comprising members of this Task Force in addition to other Board-appointed members designated by the Towns of The Plains and Remington, as well as other members from the private sector;
- Designate this Task Force Report as the charter for the newly appointed Affordable Housing Committee; and
- Authorize the County Administrator to recruit and hire a full-time, permanent staff person (using a portion of the housing reserve budget to fund the position) to focus on this issue only, supporting the Board of Supervisors' affordable housing goals, the work of the Committee, and working with non-profit agencies addressing this problem in the County.

The Affordable Housing Committee, in conjunction with staff, should prioritize the recommendations contained in this report, and develop plans, including realistic cost estimates and a proposed schedule for implementation. The Committee should identify "low-hanging fruit" that can be easily and quickly realized, to provide impetus for developing and implementing other, less-easily executed recommendations. Once recommendations have been prioritized, and plans developed, they should be presented to the Board of Supervisors for review and approval.

Monitoring programs need to be developed by the Committee and staff to chronicle the progress of this long-term process and determine the effectiveness of the steps taken to achieve affordable housing goals in Fauquier County. Monitoring of each phase from its inception is crucial to ensure efforts and funding are directed to effective solutions to the affordable housing issue.

The Affordable Housing Committee should determine what level of reporting to the participating governing bodies is required, including type and frequency of reports as well as measures of effectiveness. These reports should provide adequate information to keep the governing bodies informed, without overburdening them with detail; detailed back up data can be kept on file, and provided upon request.

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It is recognized there is no "quick-fix" for the affordable housing issue. With that in mind, the Affordable Housing Committee needs to carefully analyze the recommendations to ensure the limited funding available is expended for maximum result.